

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 EA-10 NEA-10 IO-13 ISO-00 CIAE-00
DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00 PA-01
PRS-01 SP-02 SS-15 AID-05 CEA-01 COME-00 EB-08
FRB-03 STR-06 TRSE-00 LAB-04 SIL-01 OMB-01
NSCE-00 SSO-00 USIE-00 INRE-00 OPIC-03 XMB-02
AGRE-00 DOE-11 SOE-02 DOEE-00 /138 W
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TO SECSTATE WASHDC IMMEDIATE 4310
INFO AMEMBASSY BONN
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMEMBASSY KINSHASA
AMEMBASSY TOKYO
AMEMBASSY JIDDA
AMEMBASSY TEHRAN
USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 00965

ALSO FOR USEEC

E.O. 11652: GDS
TAGS: PFOR, EAID, BE, CG, US
SUBJECT: MOBUTU PLAN: SIMONET LETTER TO SECRETARY
VANCE

REF: BRUSSELS 0881

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FOLLOWING IS INFORMAL TRANSLATION OF ANNEX TO JANUARY 13
LETTER FROM FOREIGN MINISTER SIMONET TO SECRETARY
VANCE (REFTEL) ABOUT THE MOBUTU PLAN FOR THE ECONOMIC
AND FINANCIAL RECOVERY OF ZAIRE.

QUOTE:

ZAIRE'S ECONOMIC AND FINANCIAL RECOVERY PLAN

1. LAST JUNE, PRESIDENT MOBUTU RAISED WITH SEVERAL FRIENDLY GOVERNMENTS, THE NEED TO PUT INTO MOTION A PLAN FOR THE ECONOMIC AND FINANCIAL RECOVERY OF ZAIRE. DURING A VISIT TO BRUSSELS, HE ASKED THAT BELGIUM COOPERATE IN THAT UNDERTAKING AND AGREE TO APPROACH CERTAIN COUNTRIES AND INTERNATIONAL ORGANIZATIONS CAPABLE OF ASSISTING ZAIRE.

2. BELGIUM RESPONDED FAVORABLY TO THE REQUEST MADE TO IT BY THE PRESIDENT OF ZAIRE. AFTER A PRELIMINARY STUDY PHASE AND INITIAL CONTACTS WITH SEVERAL GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS DESIGNATED BY ZAIRE, THE BELGIAN GOVERNMENT ESTABLISHED A WORKING GROUP ON OCTOBER 26 HEADED BY MR. MALDAGUE, COMMISSAIRE AU PLAN, WHICH WAS INSTRUCTED TO DISCUSS THE ECONOMIC RECOVERY PLAN WITH THE ZAIRIAN AUTHORITIES.

3. ON NOVEMBER 25, IN A SPEECH TO THE MPR CONGRESS, PRESIDENT MOBUTU SET FORTH THE BROAD OUTLINES OF HIS RECOVERY PLAN CALLED THEREAFTER THE "MOBUTU PLAN." ON THAT OCCASION, THE PRESIDENT MADE OCCASIONALLY SHARP CRITICISMS OF BOTH THE OPERATIONS AND THE ORGANIZATION OF THE ZAIRIAN STATE. HE DENOUNCED WHAT HE CALLED THE "ZAIRIAN ILLNESS" AND ATTACKED OPENLY THE ATTITUDE
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OF PARTY CADRES, CERTAIN LEADERS AND BUSINESS GROUPS OF HIS COUNTRY.

4. THE WILL FOR BETTER ORGANIZATION AND BETTER CONTROL OF THE ZAIRIAN BUDGETARY PROCESS IS CLEARLY SET FORTH IN THAT PRESIDENTIAL SPEECH. A SERIES OF REFORMS OF THE BANK OF ZAIRE, IN THE FINANCE ADMINISTRATION, AND IN OTHER SECTORS OF THE ADMINISTRATIVE AND ECONOMIC LIFE OF THE COUNTRY WERE ANNOUNCED. FURTHER, THE RETURN TO COLLABORATION WITH THE INTERNATIONAL PRIVATE ECONOMIC SECTOR AS WELL AS THE SUMMONING OF IMPORTANT INTERNATIONAL EXPERTS WERE TWO IMPORTANT THEMES OF THE SPEECH WHICH, IF THEY RESULT IN CONCRETE MEASURES, WOULD REPRESENT A NUMBER OF MEASURES CAPABLE OF LEADING THE INTERNATIONAL COMMUNITY TO VIEW THE COOPERATION WITH ZAIRE FAVORABLY.

5. DURING THEIR CONTACTS WITH THE ZAIRIAN AUTHORITIES, THE BELGIAN REPRESENTATIVES ALWAYS INSISTED ON THE IMPORTANCE OF THE FOLLOWING FACTORS:

- THE CLEANING UP OF THE BUDGETARY AND FINAN-

CIAL SYSTEM, NECESSARY FOR THE SUCCESS OF THE
RECOVERY PLAN.

- THE NEGOTIATION AND CONCLUSION WITH THE IMF
OF A NEW STABILIZATION PLAN AS ESSENTIAL FOR
THE SUCCESS OF THE MOBUTU PLAN.

6. TWO CONDITIONS IN THIS REGARD ARE ESSENTIAL:
THE REFORM OF THE BANK OF ZAIRE AND THE REESTABLISHMENT
OF ORTHODOX BUDGETARY PROCEDURES. THE CREDIBILITY OF

THE RECOVERY PLAN AND THE NORMALIZATION

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ALSO FOR USEEC

OF FINANCIAL CONDITIONS INDISPENSABLE TO THE ECONOMIC

RECOVERY OF ZAIRE DEPEND ON THIS DOUBLE REFORM.
THE BANK OF ZAIRE MUST BE PROVIDED WITH A MANAGEMENT
STRUCTURE GUARANTEEING THE EFFECTIVE AUTONOMY

OF THE BANK IN CERTAIN ESSENTIAL OPERATIONS (THE
GRANTING OF IMPORT LICENCES, REPATRIATION OF FOREIGN
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EXCHANGE, REGULATING FOREIGN EXCHANGE, ETC.)
THE NEW REGULATIONS COULD PROVIDE FOR THE RECENTRALIZATION
OF THE BANK OF ZAIRE, THE EFFECTIVE CONTROL OF FOREIGN
EXCHANGE (REPATRIATION AND RESERVES). THIS SHOULD
BE THE GOAL OF A NEGOTIATION BETWEEN THE ZAIRIAN
AUTHORITIES AND THE INTERNATIONAL MONETARY FUND,
WITH FULL RESPECT FOR THE SOVEREIGNTY OF ZAIRE.
A BASIC REORGANIZATION OF TAX COLLECTION AND ESPECIALLY
CUSTOMS DUTIES, AS WELL AS THE REESTABLISHMENT OF
ORTHODOX BUDGETARY PROCEDURES, ARE INDISPENSABLE AT
THE DEPARTMENT OF FINANCE LEVEL. AS TO THE POSSIBILITY
TO CREATE AN AUDITOR'S OFFICE RAISED IN THE PRESIDENT'S
SPEECH, THAT PROPOSAL SHOULD BE CAREFULLY WEIGHED
LEST AA AUDITOR'S OFFICE RISK DUPLICATING AND
HAMPERING THE CONTROL OF THE MINISTRY OF FINANCE. THE
PRESIDENT OF THE REPUBLIC REAFFIRMED IN RECENT CONTACTS
HIS INTENTION TO RESPECT THESE COMMITMENTS IN THESE
SUBJECTS ANNOUNCED IN HIS NOVEMBER 25 SPEECH. THE
REALIZATION OF THESE COMMITMENTS SHOULD CONSTITUTE
A GUAGE TO MEASURE THE SUCCESS OF THE RECOVERY PLAN.
7. THE WORKING GROUP HEADED BY MR. MALDAGUE, WHICH
WENT TO KINSHASA LAST DECEMBER 6-7, DISCUSSED AT
THE WORKING LEVEL, THE MECHANISMS WHICH WOULD ALLOW
THE IMPLEMENTATION OF THE REFORMS ANNOUNCED BY THE
PRESIDENT IN HIS NOVEMBER 25 SPEECH. THESE DISCUSSIONS
OF A PRELIMINARY NATURE FOCUSSED ON THE IMPORTANT
SUBJECTS OF DOMESTIC AND INTERNATIONAL FINANCE,
NOTED ABOVE, BUT ALSO ON THE PRIORITY AREAS OF THE
RECOVERY PLAN (AGRICULTURE, ENERGY, MINES, HEALTH ...).
8. PRESIDENT MOBUTU RENEWED OFFICIALLY THE APPEAL
TO THE BELGIAN GOVERNMENT IN A YEAR-END LETTER TO
THE BELGIAN PRIME MINISTER THAT IT AGREE TO PROMOTE
CONSULTATIONS ON INTERNATIONAL ASSISTANCE TO ZAIRE
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AMONG THE COUNTRIES AND ORGANIZATIONS CONCERNED.
THE PRESIDENT PLANS TO SEND MESSAGES AND EMMISSARIES
TO COUNTRIES AND ORGANIZATIONS CAPABLE OF COOPERATING

AND HELPING IN THE SUCCESS OF THE RECOVERY PLAN ON
THIS POINT. IF THESE COUNTRIES AND ORGANIZATIONS
ACCEPT THAT BELGIUM PLAY THE ROLE PROPOSED BY THE
PRESIDENT OF ZAIRE, THE BELGIAN AUTHORITIES WOULD BE
PREPARED BY THE PRESIDENT OF ZAIRE, THE BELGIAN
AUTHORITIES WOULD BE PREPARED TO BUILD ON THE
PRELIMINARY CONTACTS ESTABLISHED WITH THESE COUNTRIES
AND ORGANIZATIONS, AND TO CALL TOGETHER THEIR REPRESENTATIVES IN BRUSSELS IN ORDER TO DISCUSS THE MOST
ADEQUATE MEASURES AND PROCEDURES TO PROMOTE AN
EFFECTIVE CONSULTATION WITH A VIEW TO PROVIDING
ZAIRE THE RECOVERY ASSISTANCE FOR THE SUCCESS OF THE
PLAN SET FORTH BY THE PRESIDENT OF THE REPUBLIC.
END QUOTE. CHAMBERS

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